

Waiting for the Rain

For what is really the first time in U.S. legal history, law firms must compete for clients. That's why the concept of "competitive intelligence" is so critically important.

By Ed Wesemann

The practice of law is maturing. That's not a bad thing. It simply means that the practice of law, some 800 years after its creation as a discipline, can't really be categorized as a "growth industry" anymore. Now, there are all sorts of ramifications from being cast as mature but one of the most distinctive is competitiveness. Increasingly law firms, for what is really the first time in U.S. legal history, must compete for clients.

In a growth industry, firms don't actually compete with each other. Oh, they may occasionally go head to head over a client but, on balance, there is plenty of work to go around. As a result, to be competitive, a firm or a lawyer needs to make their qualifications known and some portion of the available work will come their way. In fact, a big chunk of it may come from other law firms who are technically the firm's competitors but have more work than they want to handle. I know a managing partner who has a cartoon in his office depicting a hopeful looking little bird looking up with its beak open, waiting for it to rain. It is titled "Law Firm Business Development."

But in a mature industry there is competition, and, I suspect, most lawyers are seeing a level of competition for work that seems to be increasing almost daily. Which is why a new marketing discipline is coming into play: Competitive Intelligence. This may bring to mind complex strategies of moves and counter-moves designed to beat competitors. But, before firms worry about whether it is ethical to use waterboarding to find out other law firms' secrets, there are some basic questions that firm's can ask themselves that will go a long way to building competitive intelligence.

- 1. Who are our competitors?** Within a particular practice, the list is probably only 5 or 6 firms that you go head to head with on a daily basis. If it's a lot more than that, it's a good sign that you are not a true competitor in that area.
- 2. What is our reputation?** A lot of firms have a self-image that is 10 years out of date. Take a couple of clients to lunch and ask them to candidly tell you what they hear.

3. How much do we charge? Not just your hourly rates. What does a typical engagement in your practice area cost - all in? Ask your accounting department to give you some stats. You may be in for a surprise.

4. What do you do for your best clients? If the answer isn't everything, who else is doing their legal work and how do your firms compare? Time for another client lunch.

5. Are there industries that you really know? Not just industries in which you happen to have clients. Do you have lawyers who used to work in the industry or ties to a trade association?

Get answers for your practice group (or even your own personal practice) and you'll have powerful competitive intelligence that you can put to use immediately - without waterboarding anyone.

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